

SPEC BUY

Current Price **\$0.08**

Ticker: **RNS**
Sector: **Materials**

Shares on Issue (m): **306.6**
Market Cap (\$m): **24.5**
Cash (\$m): **3.8**
Enterprise Value (\$m): **20.8**

52 wk High/Low: **\$0.16** **\$0.05**
12m Av Daily Vol (m): **0.26**

Mineral Inventory (90% basis)

	Mt	g/t	Moz
Reserves	-	-	-
Resources	15.6	2.4	1.2

	\$/oz
EV / Reserve	-
EV / Resource	17

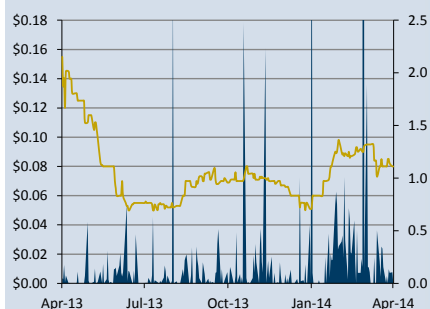
Directors:

Alan Campbell	Non-Executive Chairman
Justin Tremain	Managing Director
Mel Ashton	Non-Executive Director
David Kelly	Non-Executive Director

Substantial Shareholders:

OZ Minerals	16.0%
JA Advisory	11.4%
Ingalls & Snyder	8.2%

Share Price Graph



Tuesday, 15 April 2014

Renaissance Minerals

Better than anticipated metallurgy

Analysts | Patrick Chang | Matthew Keane

Quick Read

Renaissance Minerals' (RNS) metallurgical test work delivered better than anticipated recoveries of 88-90% (v Argonaut expectation of 80-85%). The demonstration of a viable processing route with no oxidation requirements significantly de-risks the project. The test work, completed by Bureau Veritas in Perth, also highlighted several favourable characteristics including the potential of a coarse grind (150 µm, pre floatation) and very rapid leach kinetics. The Company is anticipated to commence a Scoping Study shortly. The Okvau deposits compares favourably against peers with its low strip ratio, high grades (see page 4) and tangible exploration upside from numerous regional targets. Speculative Buy recommendation maintained.

Event & Impact | Positive

Potential recoveries between 88-90%: Metallurgical test work completed using representative diamond cores from Okvau delivered overall gold recoveries of 88-90%, which are above Argonaut's expectation of 80-85%. As anticipated, the process involves coarse grinding and flotation, fine grinding of a low mass concentrate and conventional cyanide leaching of concentrate and flotation tails. This process requires no oxidation and similar processes are successfully employed by Perseus (PRU) and Centamin (TSX/LSE: CEY).

Favourable characteristics: Importantly, the test work highlighted the potential of a coarse grind (150 µm, pre floatation), low mass pull of ~10%, and rapid leach kinetics with cyanide leaching of the concentrate largely complete within 3-4 hours. These characteristics should contribute to modest processing costs under a production scenario. Given the low mass pull, incremental capex for a regrind circuit is also anticipated to be modest.

Exploration success could deliver largest upside: There is potential for multi-million ounce deposits in the Eastern Cambodia Igneous Province. This new gold region remains largely untested by modern, systematic methods since the virgin discovery was made in 2006. The regional potential is supported by exploration work completed to date, in particular extensive gold-in-soil anomalies and analogies to large deposits in other known intrusive related gold belts worldwide. The Company's exploration strategy in the near term involves extensional drilling at Okvau, testing of other prospects as well as target generation.

Recommendation

The demonstration of a viable processing route with no oxidation requirements significantly de-risks the project. Speculative Buy recommendation maintained.

Metallurgy de-risked

Metallurgical test work completed by Bureau Veritas

...demonstrated better than expected recoveries of 88-90%...

...highlighting several favourable characteristics including...

...potential for a coarse grind (pre flotation), low mass pull and rapid leach kinetics...

...could result in modest operating costs...

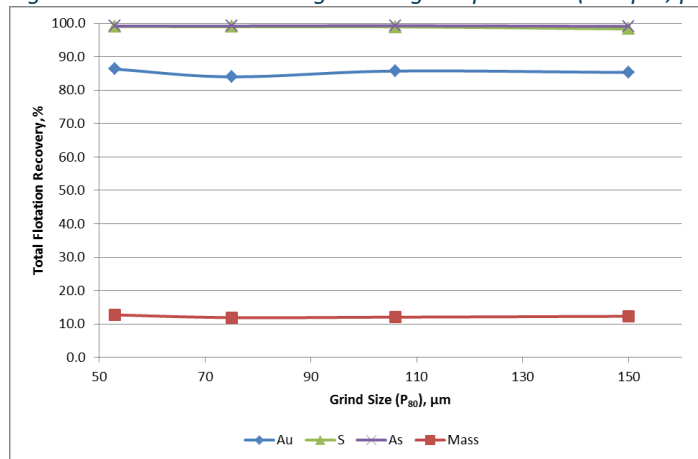
Better than expected recoveries

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Several favourable characteristics

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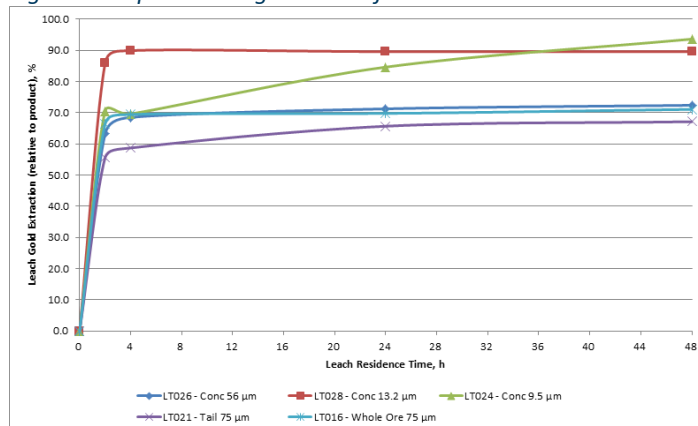
Figure 1: Test work indicating coarse grind potential (150 µm, pre flotation)



Source: RNS

These characteristics should contribute to modest processing costs under a production scenario. Given the low mass pull, incremental capex for a regrind circuit is also anticipated to be modest. This is because only a fraction (~10%) of the ore needs to go through the regrind circuit.

Figure 2: Rapid leaching kinetics of concentrate



Source: RNS

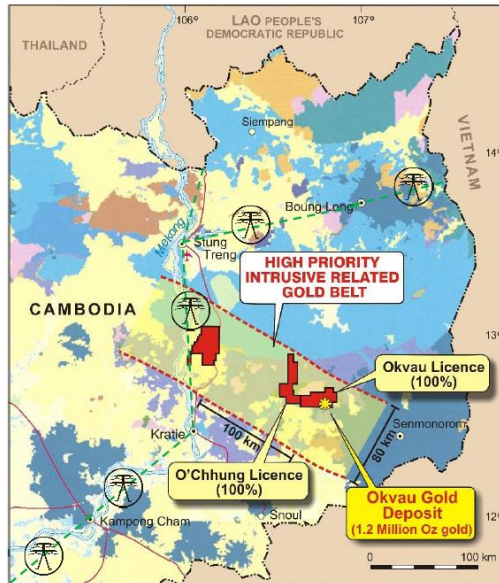
Okvau is located ~100km from a proposed 220kv transmission line...

Potentially benefitting from low hydro power cost

The project is located ~100km from a proposed 220kv transmission line. Construction of the 400MW Se San River II hydropower project has commenced and first units are anticipated to be operational by the end of 2017. China Huaneng Group has successfully completed the acquisition of a majority 51% stake in the power project in early 2014.

...Se San River II project anticipated to be operational by end of 2017

Figure 3: Project location in relation to proposed power line



Source: RNS

Okvau has competitive project economics including low strip...

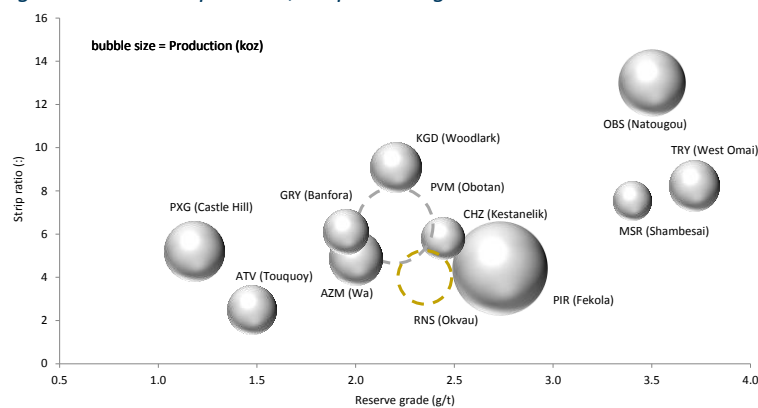
Competitive economics

High grade, low strip, single deposit

The 1.2Moz @ 2.4g/t inventory is hosted in a single open-pit mine deposit. Okvau compares very favourably to peers having a low strip ratio (estimated at ~4.0:1 v 5.9:1 average) and high grades (2.4g/t v 2.3g/t average). Argonaut estimates ~600-700koz to convert to Reserves under a mining scenario. The endowment of ~4koz per vertical metre should support a production profile of ~100koz pa.

...high grade and sizable production profile

Figure 4: Peer comparisons, strip ratio v grade



Source: Argonaut

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Important Disclosure

Argonaut acts as corporate advisor for RNS and may receive fees commensurate with these services. Argonaut currently owns and/or controls 2M RNS Options exercisable at \$0.25 on or before 28 February 2016.

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